

**GENERAL SESSION MINUTES  
ISO BOARD OF GOVERNORS MEETING  
February 7, 2013  
ISO Headquarters  
Folsom, California**

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**February 7, 2013**

The ISO Board of Governors convened the general session meeting at approximately 11:00 a.m. and the presence of a quorum was established.

**ATTENDANCE**

The following members of the ISO Board of Governors were in attendance:

Bob Foster, Chair  
Ash Bhagwat  
Angelina Galiteva  
Dave Olsen  
Richard Maullin

The following members of the officer team were present: Steve Berberich, Eric Schmitt, Brenda Thomas, Mark Rothleder, Nancy Saracino and Greg Fisher, Corporate Secretary

**GENERAL SESSION**

The following agenda items were discussed in general session:

**PUBLIC COMMENT**

Greg Fisher, Corporate Secretary and Assistant General Counsel – Corporate, acknowledged receipt of the following two public comment letters regarding the AV Clearview transmission project: City of Lancaster and California State Council of Laborers. Brief discussion followed and Nancy Saracino, Vice President and Chief Administrative Officer, noted that decision on the transmission plan would be before the Board at its March 20-21, 2013 meeting. Neil Millar, Executive Director – Infrastructure Development, provided the Board with a brief overview of the transmission planning process as related to the proposed AV Clearview project. Discussion followed regarding the study process and the importance of

transparency. Steve Berberich, President and Chief Executive Officer, emphasized the importance of reliability, low cost/high value solutions and meeting policy objectives of the state when evaluating which projects should move forward. Ms. Saracino noted that one of the letters requested that the ISO include the AV Clearview project in the 2012-13 transmission plan, and informed the Board that the ISO did not have tariff authority to do so as there is an existing large generator interconnection agreement already in place for the Coolwater-Lugo project. Anthony Ivancovich, Deputy General Counsel – Regulatory, provided an overview of the types of approvals that would be needed by the Federal Energy Regulatory Commission and the California Public Utilities Commission should an amended agreement be submitted for approval. Discussion followed regarding alternatives to the Coolwater-Lugo project and the competitive solicitation process. The Board requested status updates on the matter.

Eric Eisenman, on behalf of Pacific Gas and Electric Company, provided comments regarding resource adequacy in California and noted appreciation to the ISO for its leadership in this area. Mr. Eisenman provided comments in support of the joint ISO/CPUC resource adequacy forum scheduled for February 26 and further discussed a slide deck prepared by PG&E regarding forward capacity procurement.

## **DECISION ON GENERAL SESSION MINUTES**

Governor Olsen moved for approval of the Board of Governors general session minutes for the December 13-14, 2012 meeting. The motion was seconded by Governor Bhagwat and approved 5-0-0.

## **CEO REPORT**

Steve Berberich, President and CEO, provided an overview of the following sections of his CEO report: overall system conditions, transmission outages, SONGS and associated mitigations, Valley Electric, resource adequacy in California, and renewable generation, including updated peak amounts.

## **DECISION ON ISO CODE OF CONDUCT AND ETHICAL PRINCIPLES**

Greg Fisher, Corporate Secretary and Assistant General Counsel-Corporate, provided the Board with an overview of the revised ISO Code of Conduct and Ethical Principles. Mr. Fisher noted the Code was substantially revised to move from a legalistic to a more accessible and easy-to-use format. Mr. Fisher informed the Board that the revised Code combined the following three documents into one: Governors Code of Conduct, Employees Code of Conduct and the Guide to the Employees Code of Conduct.

There was no public comment on this item.

## **Motion**

### **Governor Maullin:**

***Moved, that the ISO Board of Governors approves the draft ISO Code of Conduct and Ethical Principles, as described in, and attached to, the memorandum dated February 1, 2013, with an effective date of March 1, 2013.***

**The motion was seconded by Governor Galiteva and approved 5-0-0.**

## **BRIEFING ON TRANSMISSION PROJECTS UNDER \$50 MILLION**

Neil Millar, Executive Director of Infrastructure Development, informed the Board that Management was considering approving a number of reliability and policy-driven transmission projects less than \$50 million. Mr. Millar noted that this briefing was in response to the Board's prior request that Management brief the Board prior to making decisions on transmission projects under \$50 million. He stated that the projects had been identified as part of the 2012-13 transmission planning process. He provided an overview of the development process for the annual transmission plan and noted it would be presented to the Board for decision at its March 2013 meeting. Mr. Millar discussed the various types of analyses performed including reliability, 33% RPS portfolio, and economic analyses. He then discussed the reliability and policy projects by service territory and noted that the numbers on slide 5 were recently updated. Mr. Millar concluded his presentation by discussing the stakeholder process and reviewing next steps, including an upcoming February 11 stakeholder meeting. Discussion followed regarding the proposed projects and Mr. Millar explained reasons as to why PG&E had the majority of the projects.

### Public comment

Les Guliasi, on behalf of Trans Bay Cable, informed the Board that one of its projects had been identified to move forward as part of this process and he noted his appreciation to ISO staff on their efforts throughout the process.

Eric Eisenman, on behalf of PG&E, provided comments and acknowledged the efforts of ISO staff. Mr. Eisenman provided further comments on the competitive solicitation process and the pending approval from FERC on the ISO's compliance filing on FERC Order 1000. Brief discussion followed regarding proposed competition solicitation rule changes.

## **UPDATE ON SUMMER 2013**

Neil Millar, Executive Director of Infrastructure Development, provided the Board with a briefing on the outlook for summer 2013, including an update on SONGS mitigation planning efforts. Mr. Millar noted that meeting the CEC forecast demand without SONGS or Huntington Beach presented reliability challenges. He further discussed the following solutions that are being pursued to address reliability needs with excessive reliance on load-dropping schemes: (1) convert Huntington Beach units 3 & 4 into synchronous condensers, (2) install capacitors at Santiago, Johanna and Viejo, (3) split Barre-Ellis 220 kV circuits from 2 to 4 lines, (4) confirm new resources South of Lugo, (5) make refinements to load curtailment safety nets, and (6) continue to explore demand response that is feasible and applicable for mitigating local reliability. Mr. Millar then discussed mid-term (2018) mitigation alternatives that were identified to address a long-term outage of SONGS. He concluded his presentation by discussing next steps, including potentially seeking Board approval in March for additional mitigation.

Discussion followed regarding the importance of mitigation measures and their relation to the current planning standards. Discussion followed regarding the importance of demand response programs and the impact of renewable generation on the situation. Discussion followed regarding behind-the-meter visibility, rate structures, imports of renewables, energy storage and electric vehicles.

## **BRIEFING ON MARKET PERFORMANCE**

Nan Liu, Manager – Market Development and Analysis, provided the Board with an update on market performance and stated that market performance had improved after a challenging summer operating season. He noted that the last three months of 2012 resulted in good overall price convergence. Mr. Liu noted that price corrections remained at relatively high levels in the 4<sup>th</sup> quarter. He noted that bid cost recovery trended lower from the August high and that exceptional dispatch levels had reduced to below 0.5% of total energy in November and December. He stated that the use of the capacity procurement mechanism dropped to zero in November and December. Mr. Liu informed the Board that there had been good market performance overall but that improvements were needed in several areas. He concluded his presentation by providing an overview of these areas.

## **INFORMATIONAL REPORTS**

Nancy Saracino, General Counsel and Chief Administrative Officer, noted that the ISO came in nearly \$7 million under on its operating budget for 2012 and noted appreciation to Ryan Seghesio, Chief Financial Officer and Treasurer, for his efficient management of this process.

There were no further questions or comments on the following informational reports: regulatory report, quarterly financial report, legislative and state regulatory update, business practice manual change management report, market surveillance committee update, department of market monitoring report, and master stakeholder engagement and release plans.

## **ADJOURNED**

There being no additional general session matters to discuss, the general session was adjourned at approximately 12:30 p.m.